

DEPARTMENT OF INSURANCE**Legal Division, Rate Enforcement Bureau - Sacramento**

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December 30, 2005

VIA FACSIMILE AND US MAIL (310) 319-0156

Bryce Gee, Esq.
Strumwasser & Woocher LLP
100 Wilshire Boulevard, Suite 1900
Santa Monica, California 90401

SUBJECT: Decision on Petition for Emergency and Permanent Rulemaking

Dear Mr. Gee:

On December 1, 2005, the Insurance Commissioner of the State of California received a petition from you on behalf of the California Earthquake Authority ("Petitioner"). Petitioner, pursuant to Government Code sections 11340.6 and 11346.1, requested that the Commissioner undertake rulemaking proceedings to amend a regulation that defines the coverage types and limits for earthquake insurance policies offered by Petitioner. The Commissioner hereby grants the Petition for Emergency and Permanent Rulemaking.

Petitioner has requested amendments to California Code of Regulations, title 10, section 2697.6, entitled "Earthquake Policies, Coverage Types and Limits." The circumstances detailed in the Petition, the differing time deadlines mandated for rate approval and policy coverage changes specified in the CEA statute and regulations, as well as existing case law, support promulgating this regulation on an emergency basis. Pursuant to Government Code, section 11340.7, the Commissioner intends to schedule this matter for public hearing in accordance with the requirements of Article 5 of the Government Code (commencing with section 11346). Interested persons may obtain a copy of the petition from, or direct questions to, me.

Sincerely,

/s/

Lisbeth Landsman-Smith
Staff Counsel

cc: Daniel Marshall (CEA)